

United States Senate

WASHINGTON, DC 20510

August 30, 2005

The Honorable George W. Bush
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President,

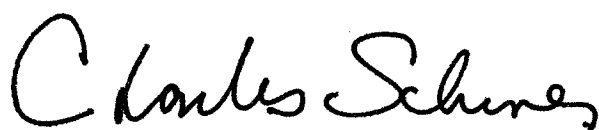
With the price of crude oil having surged to over a record-breaking \$70 per barrel in the wake of Hurricane Katrina's arrival in the Gulf Coast, we urge you to act now to reduce skyrocketing prices at the gasoline pump by releasing a portion of oil contained in the Strategic Petroleum Reserve (SPR). The rising price of gasoline has already placed a financial strain on consumers that threatens the nation's economic security, and will be severely exacerbated by the disruptions to oil production and refining that have occurred as a result of the hurricane. These price increases are directly linked to a severe physical supply disruption and threaten to have an extreme and prolonged effect on drivers throughout the United States. Accordingly, use of the SPR to counter these effects is more necessary and warranted than ever.

Yesterday, the price of crude oil on the New York Mercantile Exchange (NYMEX) closed above \$67 per barrel, and increase of 1.6 percent, after having gone to a record high of \$70.80 during trading. The Gulf of Mexico is responsible for over 25% of U.S. oil production, and as a result of Hurricane Katrina oil output has been cut by 3.1 million barrels since Friday. The reduction of production capacity in the Gulf of Mexico and the closure of the Louisiana Offshore Oil Port, America's largest oil importing port, has forced other producers to maximize their activities and left little spare capacity to accommodate other shortages. These factors will undoubtedly continue to place extreme pressure on crude oil prices and will likely force retail gasoline prices will above the already astronomical average of \$2.60 per gallon.

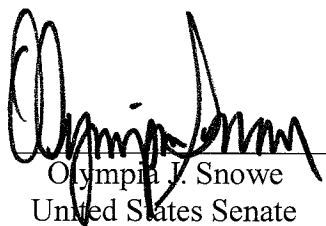
Releasing oil from the SPR to increase the supply of oil is a proven way to reduce the price of gasoline and heating oil. In the fall of 2000, the previous Administration announced a swap of 30 million barrels over 30 days, causing crude oil prices to quickly fall by over \$6 per barrel and wholesale gasoline prices to fall \$0.14 per gallon.

The SPR is intended to provide relief at times when working families are struggling to make ends meet, and to counter the price shocks that accompany severe supply disruptions. Now is undoubtedly such a time. Instead of simple consideration, we urge you to take immediate action by releasing oil from the SPR to lower gasoline prices and stabilize oil supplies.

Sincerely,

A large, stylized handwritten signature of Charles E. Schumer in black ink.

Charles E. Schumer
United States Senate

A large, stylized handwritten signature of Olympia J. Snowe in black ink.

Olympia J. Snowe
United States Senate